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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, NOVEMBER 19, 1998

COMMONWEALTH OF VIRGINIA, ex rel.

STATE CORPORATION COMMISSION

CASE NO. PUC970005

Ex Parte: To determine prices
Bell Atlantic-Virginia, Inc. is
authorized to charge Competitive
Local Exchange Carriers in accordance
with the Telecommunications Act of
1996 and applicable State law

ORDER

On May 22, 1998, the Virginia State Corporation Commission (“Commission”) entered an Order in this matter directing Bell Atlantic-Virginia (“BA-VA”) to re-run its cost studies using the criteria and directives of the Order and to submit the results and accompanying work papers on loops, switching, and transport to the Commission, Staff, and all parties by June 8, 1998. Results of the re-run of all other elements and Staff’s NID price were due by June 22, 1998. BA-VA filed results on June 8, 1998; and on June 19, 1998, BA-VA filed a Motion to Extend Schedule and to Withdraw Cost Filing stating that it misinterpreted the requirements of part of the May 22 Order. Because of this misinterpretation, the results submitted on June 8, 1998, were inaccurate. On June 22, 1998, the Commission entered an Order Granting BA-VA’s Motion to Extend Schedule and to Withdraw Cost Filing.

BA-VA filed the results of its re-run cost studies for all elements on July 8, 1998; and Staff filed its determination for the NID price on July 9, 1998. Comments on the cost study results and the NID price were filed on July 31, 1998, by BA-VA, WinStar Communications, Inc., WorldCom Technologies, Inc., AT&T Communications of Virginia, Inc. (“AT&T”), and Virginia Cable Telecommunications Association (“VCTA”).

Staff filed a Motion for an Extension for the Filing of Its Report on August 19, 1998; and an Order Granting Extension was entered August 19, 1998. The Staff Report was filed on August 31, 1998. This Report evaluated BA-VA’s implementation of the May 22, 1998, Order and responded to many issues addressed in comments filed by the parties. Additionally, an Order Authorizing Responses to Staff Report was entered on September 4, 1998, allowing for comments to be filed by September 21, 1998. Because BA-VA did not receive timely notice of the September 4 Order as noted in its Motion to Extend Time to File Comments filed on September 15, 1998, the Commission entered an Order Granting Extension on September 16, 1998, and allowed for comments on the Staff Report to be filed by all parties by October 6, 1998. Comments were filed on October 6, 1998, by BA-VA, AT&T, and VCTA.

The Commission has evaluated the results of BA-VA’s re-run cost studies and the comments submitted thereto, as well as the Staff Report and comments provided by parties. It is the Commission’s determination that unbundled network element (“UNE”) prices can be improved by revising the switching prices to reflect a switch equipment mix of 54% new (replacement) and 46% add-on. This revision should be made only to those prices with underlying costs affected by the switch equipment mix input to BA-VA's switching costs model.

Therefore, BA-VA shall re-run its Switching Cost Information System (“SCIS”) model with the switch equipment mix inputs set at 54% new (replacement), 46% add-on, and with all other inputs remaining exactly the same as the re-run data filed July 8, 1998, in response to the Order of May 22, 1998. The results of the SCIS re-run performed in response to this Order shall

be carried forward to recalculate the rates for all affected elements, and BA-VA shall provide to the Commission, Staff, and parties a revised schedule of all of its UNE prices, including the switching rates revised by this Order, together with accompanying work papers.

In comments filed on October 6, 1998, AT&T argues that BA-VA incorrectly implemented the requirements of the May 22 Order with regard to the distribution cable fill factor. The Commission is not persuaded by AT&T's argument and rejects its suggested re-formulation.

Accordingly, IT IS THEREFORE ORDERED THAT:

(1) BA-VA shall re-run its SCIS model using the criteria and directives set out above and shall furnish the results and accompanying work papers to the Commission, Staff, and all parties on or before December 11, 1998.

(2) On or before December 21, 1998, Staff and parties shall file an original and fifteen (15) copies of comments relating only to the issue of whether BA-VA correctly implemented the directives in this Order.

(3) AT&T's suggested re-formulation of the distribution cable fill factor is denied.

THERE BEING NOTHING FURTHER to come before the Commission at this time regarding this matter, this case shall be continued until further order of the Commission.